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SUBJECT: ARGENTINE FARMERS RESUME STRIKE - GRAINS AND BEEF TARGETED

REF: Buenos Aires 0711 and previous

Summary

¶1. (SBU) Argentine farm groups are back on strike, at least until June 2, and will block marketing of grains and oilseeds for exports, as well as sales of cattle for slaughter. The farm groups have called for protestors on the highways to allow free movement of all other transport, although there may be efforts to expand the blockade in some locations. The resumption of the strike came after the GOA cancelled meetings with farm groups in the wake of tough criticism directed at the President and the GOA during the huge farm protest in Rosario on May 25. The estimated 200,000 protestors in Rosario far exceeded attendance at the official Revolution Day event led by President Cristina Fernandez de Kirchner (CFK) in Salta. Supporters of the GOA in the Peronist Justicialista Party (PJ), led by the newly appointed party president Nestor Kirchner, launched a hard-line attack on the rural sector, accusing it of being antidemocratic and trying to overthrow the government. Farm group leaders tell us they expect the impasse to continue for a long time.
End Summary.

On Strike - Again

¶2. (SBU) The Argentine farm strike resumed at midnight on May 27 following the government's refusal to meet with farm leaders to discuss the controversial variable rate export tax, which since its introduction on March 11 has been the main issue in the on-again, off-again farm strike. The farm groups are asking producers to stop marketing grains and oilseeds for export from midnight May 27 through midnight June 2. They will stop marketing cattle for slaughter a day later, starting at midnight May 28, through midnight June 2.

¶3. In an effort to address concerns about possible food supply shortages in the major cities, the farm groups have called for protesters on the highways to refrain from blocking movement of all other transport (beyond grains/oilseeds and livestock). They have also emphasized that there will be no shortage of beef in stores due to large stocks that have accumulated as a result of government

restrictions on exports. The extent to which local protest groups on the highways are willing to limit their protests is, however, open to question. Protestors in Entre Rios province who control the main road to Brazil and Uruguay are threatening to block international transport starting Wednesday evening.

¶4. (SBU) The initial economic blockade will be followed by more political protests from June 3 to 6. The farm groups will establish camps in the main rural cities, visit local mayors, and collect signatures for a petition against the variable export tax. In an

effort to increase pressure on provincial governors supporting the GOA, they will hold marches in the provincial capitals of those governors that have not agreed to meet with the farm groups. Starting Monday, June 9, the farm groups will reportedly begin lobbying the national legislature to seek a legislative solution to the dispute. The Administration currently has a solid majority in the legislature, but the farm groups will challenge the ruling bloc's cohesion by focusing pressure on representatives from rural areas.

The Battle Lines are Drawn

15. (SBU) The GOA cancelled meetings with the farm sector planned for May 26 in the wake of farmers' extensive criticism of the Administration at the mass demonstration in Rosario on May 25. Most local analysts estimate the turnout for the protest in Rosario at around 200,000, making it one of the largest demonstrations in Argentina in the last 25 years and easily outdrawing attendance at the GOA's official Revolution Day ceremony in Salta (estimates for the official event range between 20,000 and 70,000). While CFK avoided reference to the farm sector in her official speech, the farm leaders were not so reticent, accusing the GOA of failing to negotiate in good faith. Officials in the GOA appear to have been particularly offended by claims during the protest that the President was not telling the truth in the agricultural dispute and that the main barrier to growth in Argentina is now the President and her husband (former President Nestor Kirchner). The GOA announced early on May 26 that it would not meet with the farm leaders as previously planned, complaining that it was impossible to negotiate in the face of pressure and demands from the farm sector.

16. (SBU) Positions are hardening on both sides. The governing party Peronists (PJ), led by Nestor Kirchner (NK) who is former president and husband of the current president, issued a statement in support of the President shortly before the announcement by the farm groups on May 27. In a hard-line attack on the sector, the Peronists accused the rural sector of being antidemocratic "coup-mongers" trying to overthrow the government. The PJ communique claimed farmers had been the authors of the 1930, 1955 and 1976 coups and were trying to do the same with this strike. At a separate function, a labor rally, powerful Planning Minister Julio De Vido spoke for the first time about the strike, claiming that it was "no longer time for the faint-hearted," and calling on those who favored the Kirchners' attempt at income redistribution to show their support.

Farm Leaders on the Way Forward

17. (SBU) Several ag sector leaders told the DCM at a May 28 lunch that they expected a protracted struggle. Luciano Miguens, President of the Sociedad Rural Argentina (SRA, described in detail in Buenos Aires 408), said that ex-President Nestor Kirchner is calling the shots within the GOA and will not allow it to make any concessions. The GOA strategy, he said, was to draw the conflict out as long as possible and engage in an intense effort to turn public opinion against the farmers. This approach and tactical "concessions" designed to appeal to smaller farmers were designed to split the rural sector.

18. (SBU) Miguens and his deputy Hugo Luis Biolcati expressed confidence that the farmers' unity would hold. This, they remarked, was a new phenomenon -- the Argentine farmer, he said, was typically independent and averse to working collectively, even towards common goals. (He noted that SRA's staff often fields calls from farmers with elaborate ideas on political strategies who, when asked for their membership number, confess that they don't belong to the SRA or any other group.) Miguens, who as leader of the oldest and most affluent rural organization is often identified as a "dove" in this struggle, said that if anything, he and other leaders were being pushed by their members to take a harder-line stance.

19. (SBU) Another lunch participant, Rural Workers and Longshoreman's Union chief Geronimo Venegas, said that cracks were emerging in the GOA's alliance as well. Venegas, a member of the board of the Confederacion General de Trabajadores (CGT), the umbrella labor group run by Kirchner ally Hugo Moyano, heads a union

claiming more than 300,000 members. Venegas said that Moyano, who is considered a staunch supporter of and enforcer for the Kirchners, is in fact treading carefully, as many in the CGT (including in his own trucking union) depend on the ag sector for their livelihood. Venegas opined that Moyano hopes to get a favorable wage increase for his union members by collaborating with the government, but will not stay with it until the bitter end. He added that Moyano does not like the leaders of the "piquetero" street protestors who are also being mobilized by the GOA to intimidate the farmers.

COMMENT

¶10. (SBU) Both sides have now backed themselves into hard-line positions that make a swift resolution seem unlikely. Ominously, they also both seem resigned to an extended conflict, and both hope that internal contradictions will cause the other side to fold. END
COMMENT

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